

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT-  
INTERNATIONAL MERCHANDISE RETURN SERVICE  
NON-PUBLISHED RATES

Docket No. MT2013-2

COMPETITIVE PRODUCT PRICES  
INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH  
FOREIGN POSTAL OPERATORS  
CANADA POST CORPORATION – UNITED STATES POSTAL  
SERVICE BILATERAL AGREEMENT (MC2010-34)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2012-4

MARKET DOMINANT PRODUCT PRICES  
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS  
WITH FOREIGN POSTAL OPERATORS  
CANADA POST CORPORATION - UNITED STATES  
POSTAL SERVICE BILATERAL AGREEMENT (MC2010-35)  
NEGOTIATED SERVICE AGREEMENT

Docket No. R2012-5

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO POSTAL REGULATORY COMMISSION ORDER NO. 1806**  
(August 19, 2013)

The United States Postal Service hereby files its response to Commission Order No. 1806, issued August 12, 2013. In that order, the Commission requested that the Postal Service file a copy of the modification to the Canada Post Bilateral without certain redactions in the second paragraph in Article 2 under the heading “Operational

Procedures of the International Merchandise Return Service (IMRS).” This passage had had been previously filed non-publicly with the Commission.<sup>1</sup>

A revised copy of the modification with Canada Post, with those sections unredacted, is filed as an attachment to this response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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<sup>1</sup> Originally filed in Letter from Anthony Alverno, Chief Counsel, Global Business and Service Development, Corporate and Postal Business Law Section, to the Honorable Shoshana Grove, Secretary, Postal Regulatory Commission, Transmitting Copies of Contracts Filed under 39 U.S.C. 407(d)(2), May 6, 2013.

## **ATTACHMENT 9**

### ***Agreement on the Exchange of International Merchandise Return Service between the U.S. Postal Service and Canada Post***

#### *Article 1: Purpose of the Agreement*

The purpose of the Agreement shall be to establish mutually agreed terms and conditions for the International Merchandise Return service, specifically the return of northbound U.S. origin items from Canada Post Corporation (CPC) to United States Postal Service (USPS) and within the framework of the Canada Post-United States Postal Service Contractual Bilateral Agreement 2012-2013.

#### *Article 2: Precedence of Agreements*

Terms of agreements shall be applied in the following order of precedence when interpreting this Agreement in the case of doubt, ambiguity, conflict or dispute:

1. Specific processes, conditions, and rates set forth in this Attachment 9 and its annex.
2. Terms of the Canada Post Corporation—United States Postal Service Contractual Bilateral Agreement effective January 1, 2012 through December 31, 2013.

#### *Operational Procedures of the International Merchandise Return Service (IMRS)*

1. U.S. Merchant shall send goods to customer in Canada using USPS or any other northbound carrier.
2. Customer in Canada wishing to return an item shall contact U.S. Merchant and follow the Merchant's instructions for requesting return service and label. The instructions may vary by Merchant but must require the customer to submit detailed item information to the Merchant including name, address, contact information, merchandise description, type of service, and weight.
3. The Merchant shall authorize the return and acquire return label by accessing [REDACTED]
4. [REDACTED] sends the label data [REDACTED] for the purpose of obtaining a unique CPC barcode for each label generated.

[REDACTED]

6. U.S. Merchant shall provide by electronic means (e-mail, pdf download etc.) the label to the customer in Canada with the Canada Border Services Agency (CBSA) Informal Adjustment Request form B2G.
7. U.S. Merchant's label shall list deposit instructions and specify that customers in Canada must deposit the returns at Canada Post Offices only using the label provided.

8. The IMRS items will be processed [REDACTED], with the weight and dimensions being verified by CPC sortation equipment. [REDACTED]  
[REDACTED]  
[REDACTED]

9. The IMRS items shall be dispatched and returned to USPS with [REDACTED]  
[REDACTED]

10. If the customer in Canada wishes to apply for a refund or adjustment on customs duties he or she paid upon import the customer will need to submit CBSA Informal Adjustment Request form B2G and will be the party responsible for the provision of any supporting documentation requested by CBSA.

#### International Merchandise Return Service Rates

Annex 1 contains the 2013 calendar year rates. [REDACTED]  
[REDACTED]

#### Pay for Performance

IMRS will be included in the Expedited Parcel - [REDACTED] IMRS items will be addressed to USPS Postage Due Units (PDU) where they will receive an [REDACTED] traditionally used in performance measurement. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

In the future, the Parties will explore using a [REDACTED] for this product.

#### International Merchandise Return Service Billing

The Merchant must make arrangements with the USPS in advance in order to avail itself of this service.

USPS will be invoiced monthly for the total labels produced by the CPC shipping systems at the request of USPS-authorized U.S. Merchants; Current USPS - CPC monthly invoice payment principles and procedures for International Mail Settlement will apply. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

#### USPS/CPC Settlement

1. The standard USPS/CPC settlement process for IMRS items returned as Canadian-origin Expedited - USA parcels will be applied.

2. [REDACTED]  
beginning 90 days following the first invoice for IMRS items. [REDACTED]  
[REDACTED]

[REDACTED]

After the initial and first quarter data is available, the parties will establish a [REDACTED] for discrepancies and [REDACTED]. [REDACTED]

[REDACTED]

3. Adjustments will be managed via the regular USPS CPC Terminal Dues invoicing process, initially once per year using the 13th invoice.

#### USPS and CPC Customer Service Support for Inquiries, Claims and Liability

1. One quarter after launching IMRS, CPC and USPS shall work together to determine the success of the IMRS product based on user feedback and the rate of IMRS adoption.
2. At that time, CPC and USPS shall make the determination [REDACTED] including the ability to inquire and file claims regarding lost or damaged IMRS items. Until this determination is made, [REDACTED] USPS merchants by CPC.
3. [REDACTED], USPS and CPC shall work together to determine the rules of liability for IMRS and the appropriate inquiry and claims process.

#### Future Evaluation of the IMRS Service

In addition to future evaluations for enhancements mentioned in the sections regarding settlement pay for performance and customer service for claims aspects, CPC and USPS shall also jointly review the operational parameters to this service to determine if changes could be made to:

1. ensure and improve ease of accounting;
2. ensure the IMRS' unique features do not adversely impact performance measurement of the other products and services contained in the bilateral agreement;
3. consider when the use of dedicated [REDACTED] will become necessary; and,
4. assess and implement effective and appropriate adaptation to be able to harmonize with any merchandise return regulations being promulgated by the Universal Postal Union.